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 19 July 1958

MEMORANDUM FOR: The Director

SUBJECT : Monetary Discussion, Programs Assigned to SAD/PD

As you will recall you have placed responsibility with the undersigned to monitor and supervise the progress of several major projects some of which I desire to discuss hereunder as follows:

CHALICE

Development of this program began in late 1954 with the understanding the operation, if successful, would continue as long as

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GUSTO

During FY-58 the thought of several other devices for gathering intelligence information arose, one of which has been assigned the crypto GUSTO. The possibilities of this program looks most likely at this time from the feasibility studies conducted, but I feel it would be inadvisable to proceed on this program until all studies have been completed and we have had benefit of recommendations from the Advisory Panel established jointly by you and the Secretary of Defense. We calculate an overall monetary requirement for this program during [REDACTED] but of this amount [REDACTED] should be considered as contingent items until the recommendations of the Advisory Panel have been received and evaluated. This leaves a firm requirement under this project of [REDACTED]

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CORONA

This is another in the series of approved projects during FY-58 and a withdrawal was made from the Agency Contingency Fund in the amount of [REDACTED] to cover the initial financing. We are progressing rapidly with this program and now are able to calculate, supported in most part by contractors cost experience, a FY-59 requirement of [REDACTED]. In my view this figure is quite likely to be exceeded as many recovery problems are yet to be solved.

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You approved the removal of \$200,000 during FY-58 from the Directors Reserve to initially finance this undertaking. We calculate an additional funding requirement under this task for FY-59

SECRET

SECRET

DPS - 2610

Page 2 of 2

of \$72,360., which I thought sufficient until my recent visit to the West Coast. Eventhough an over run here is probable I cannot at this time forecast the amount with any degree of accruacy.

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[REDACTED]

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This element in the amount of \$111,000 should have been placed under the CHALICE program as it is the suppliers cost experience for [REDACTED] used in that project and restoring the test facility to its original state of repair. It was shown in this presentation by members of my staff who were unfamiliar with the application under the crypto [REDACTED]

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For ready reference a recapitulation of the figures discussed above are:

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[REDACTED]

In view of the above it is my considered opinion, and I accordingly recommend, that you should approve the attached communication for the Comptroller, which explains our current position, furnishes our best calculations to date and postpones affirmative action with respect to removing any money from the Agency Contingency Fund until 1 October 1958. In the meantime we should have received recommendations from the Advisory Panel, made firm policy decisions on our course of action and calculated more precisely the amount that needs to be taken from the fund to finance FY-59 operations.

RICHARD M. BISSELL, JR.
Special Assistant to the Director
for Planning and Development

REVIEWED AND APPROVED:

ALLEN W. DULLES
Director

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